

Early Morning Update:

The Nov18 natural gas contract is trading up \$0.06 at \$3.07. The Nov18 crude contract is up \$0.15 at \$73.40.

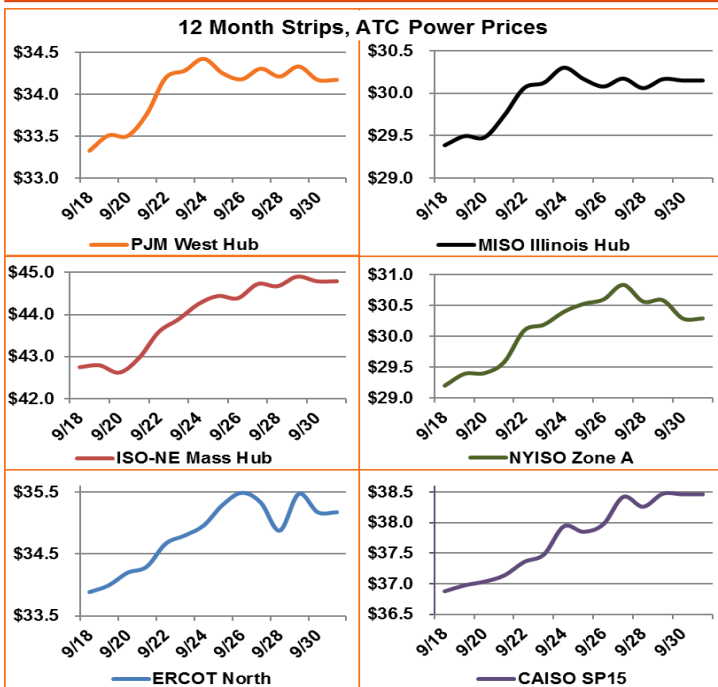
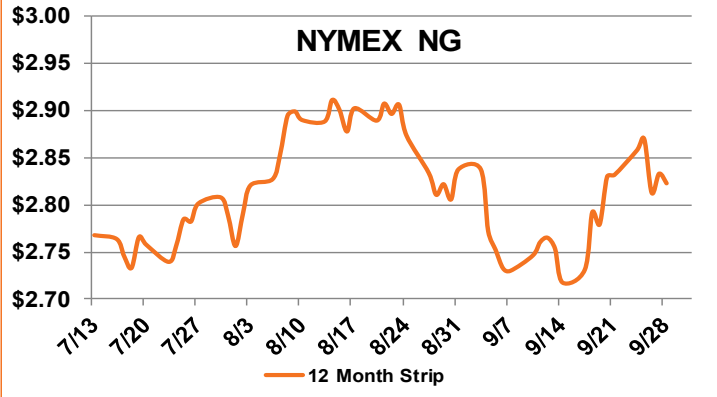
Summary: On Friday, the November 2018 NYMEX natural gas futures price depressed by 4.8 cents on the day to settle at \$3.008/MMBtu, after trading as high as \$3.062/MMBtu that day. Storage continues to disappoint, adding upward pressure to winter pricing. End-of-season storage estimates show 3.26 Tcf, the lowest in about a decade. After seeing record levels of powerburn, those numbers have finally seen some relief with the cooling fall temperatures over the last three days, which fell to 28.6 Bcf/d on Friday. Today, U.S. powerburns are up about 1.1 Bcf/d, with the majority of the demand higher in the Northeast. Weather forecasts show most of the warmer-than-normal temperatures contained in the Northeast, and the complete opposite for the majority of the Northwest, with temperatures falling as low as 15 degrees below the 30-year normal. We should start to see preliminary winter weather forecasts being released over the next couple of weeks. After seeing record setting U.S. dry production, the supply side has also dipped lower, ending the week at 82.8 Bcf/d, but still remains about 10 Bcf/d higher than levels seen last year.

Bullish Factors

- High power burns
- LNG exports ramping up
- Lowest EOS storage level in decade

Bearish Factors

- Record NG production
- Growing renewable energy generation
- Higher associated gas production



Next Day On-Peak Power (traded for 10/1/2018)

ISO-NE Mass Hub \$51.38	MISO Indiana Hub \$42.75	NYISO Zone G \$35.00
PJM West Hub \$38.85	ERCOT North \$31.67	CAISO SP15 \$38.73
NYMEX NG		Change
Nov-18	3.008	-0.048
Dec-18	3.091	-0.044
12 Month	2.823	-0.010
Cal 19	2.779	-0.001
Cal 20	2.645	0.009

EIA Natural Gas Storage

EIA Reported Storage (Bcf)	This Week	Last Week	Last Year	5-Year Avg.
Total	2,768	2,722	3,458	3,389
Diff v. Current		46	-690	-621
% Diff			-20.0%	-18.3%

